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FROM - Managua

SUBJECT - NONCAPITAL PROJECT PAPER (PROP)

REFERENCE -

Country: NICARAGUA

Project No. 524-11-410-078

Submission Date: August 30, 1968

Original X Revision No. \_\_\_\_\_

Project Title: FREE LABOR DEVELOPMENT

U.S. Obligation Span: FY-1970 through FY-1973

Physical Implementation Span: FY-1970 through FY-1974

Gross life-of-project financial requirements:

U.S. Dollars ..... \$ 340,000

U.S. owned local currency ..... --

Cooperating country cash contribution .....

Other donor..... --

**Total 340,000**

**A. SUMMARY**

Although generally adequate labor legislation exists, its enforcement depends primarily upon the effectiveness of organized worker groups,

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which are few in number and membership.

Since FY-1964, USAID/N has financed a contract with the American Institute for Free Labor Development (AIFLD) to assist the development of strong and democratic trade union movement, which can both defend its members' economic interests and participate in and contribute to the social and economic development of the country. Over 4,000 labor leaders and workers have attended courses under the AIFLD program, which has been a key factor in the increase in the number of active unions and of collective bargaining agreements negotiated in the past four years.

This project is intended to continue the AIFLD program with increasing emphasis on more selective and specialized training.

### B. Setting

Less than five percent of the Nicaraguan workers are affiliated with legitimate trade unions. Fewer than fifty collective contracts are presently in force (four years ago there were five). Although the Labor Code of the country is considered a model by Latin Standards, effective enforcement of its provisions are experienced only by those worker groups sufficiently organized to attract public attention and pressure.

Common industrial and domestic labor and agricultural workers for the most part still work ten to twelve hours a day for wages which rarely exceed \$1.40 (10 cordobas); Agricultural labor averages less than one dollar per day during the 6 month growing season. Apprenticeship generally is patterned on the early European system of indenture, with apprentices often working three to four years before drawing any wage.

Vulnerability to political exploitation is general and hardly surprising under these conditions. Costly work stoppages are common and effected easily through the political whims of those who have no connection with the industry. Rarely do they seek to modify existing abuses and consequently leave no gain for the workers involved.

As a sub-project under the Manpower Planning, Development & Utilization project, USAID/N has financed a contract since FY-1964 with the American Institute for Free Labor Development (AIFLD) whose labor leader training program has been directly responsible for an impressive improvement in these conditions. As mentioned, there has been a considerable increase in the number of legitimate collective contracts negotiated, producing tangible and lasting benefits for a number of workers. The example set by AIFLD motivated union leaders in this area has also produced considerable but incalculable improvement in wages and working conditions among the unorganized.

This project will contribute directly to the achievement of one of the overall aims of the entire country program - greater participation of lower income groups in both the process and benefits of economic and social development.

### C. Strategy

In-country labor leadership courses will be continued under contract with AIFLD and a small number of participants will attend courses sponsored by AIFLD, ORIT, ODECA, etc., in the U.S. or third countries. Within the context of the local situation

and within the limits of the means available to AID, there appear to be no real alternatives to the proposed approach for the achievement of the objectives of the project. Alternatives to be considered relate only to the type and level of courses offered, groups reached, etc., which are not of a strategy nature and will need to be modified year by year and even during the course of the year.

#### D. Targets

The ultimate goal of this program is to make available facilities for the education of all of the Nicaraguan trade union leadership; to stimulate organization among the unorganized; to offer the techniques of effective democratic leadership to all existing and potential leaders of the Nicaraguan movement.

It would be folly to imagine goals of 100% organization of Nicaraguan workers. The realistic goal of this program is to provide the assistance necessary for the organizing and efficient operation of that portion of Nicaraguan labor necessary to establish general and continued improvement through exemplary action.

#### E. Course of Action

The AIFLD program of leadership education will continue on a slightly reduced level, since the vast majority of leadership of existing Nicaraguan unions have been exposed to a form of basic training or orientation. However, basic training program, which has comprised the bulk of past effort, will still be needed for the new leaders, since turnover in the leadership of Nicaraguan unions is ridiculously high due to the provision of the Labor Code which prohibits a union leader from succeeding himself in office and limits tenure to two years. Future efforts will emphasize quality rather than quantity. As unions develop, efforts will be made to offer more selective and advanced training.

A continuation of the Social Security orientation program should continue. As the Nicaraguan system has expanded geographically, AIFLD has followed, offering worker seminars, which give the newly covered, organized as well as unorganized, a clear understanding of the benefits.

Continued effort will be made with employer organizations, to effect a better and more reasonable employer attitude toward their work force and to trade unions.

Table 1

NONCAPITAL PROJECT FUNDING (OBLIGATIONS IN 0000)

PROP DATE Mo/Day/Yr.

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Original 8/30/68

4 COUNTRY: NICARAGUA

Project Title: Free Labor Development

Rev. No. \_\_\_\_\_

Project No. 524-11-410-078

Fiscal Years	AP	L/G	Total	Cont <sup>1/</sup>	Personnel Serv.		Participants		Commodities		Other Costs	
					AID	PASA	CONT	U.S. Agencies	CONT	Dir. & U.S. Ag.	CONT	Dir. & U.S. Ag.
Prior through Act. FY-1968 <sup>2/</sup>												
Oper. FY-1969 <sup>2/</sup>												
Budget FY-1970	AG	G	85	80			35	5				45
B + 1 FY-1971	AG	G	85	80			32	5				48
B + 2 FY-1972	AG	G	85	80			35	5				45
B + 3 FY-1973	AG	G	85	80			35	5				45
All Subs.	AG	G	--	--			--	--				--
Total Life	AG	G	340	320			137	20				183

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<sup>1/</sup> Memorandum (nonadj) column

<sup>2/</sup> Labor leader training and social projects activities carried out under AIFLD contract were funded FY-64-69 as a sub-project under the Manpower Planning, Development & Utilization Project (524-11-460-054)